

# Demand-oriented facility management

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## 1. Introduction

Although facility management is a well-known concept within organisations, it is poorly understood and implemented. Most organisations struggle to generate the promised added value that facility management can create.

Facility management is usually defined in terms of the measures taken to control the delivery of facility services. However, this definition omits the customer. Therefore demand-oriented facility management is meant to incorporate the customers' point of view. The word 'demand' can indicate two different perspectives within facility management. On the one hand the customer is considered to be central to the supply of facility services, yet on the other this may indicate a strict control of the services process.

This paper aims to clarify the concept of demand-oriented facility management and its implications. First, various developments within the environment of the facility department are identified. Next, the concept of demand-oriented facility management is described in greater detail: what does it mean, how can it be achieved and how does it address requirements of the environment? As adopting this concept can have consequences for the structure and functioning of the facility organisation, the actions necessary to implement demand-oriented facility management are described. The ultimate goal is to create a cost-effective and successful facility management in order to satisfy the customers' demands.

## 2. Environmental Developments

### ***2.1. Move towards a demand orientation and the emphasis on service and quality***

Up until now the facility department within profit and non-profit organisations has operated within a more or less passive environment. It is now accepted that efficiency and effectiveness within the 'spending departments' such as IT, human resources, documentation, and facility contribute to the overall performance of the organisation. In the past the emphasis was on cost-cutting and the limitation of

expenditures. Nowadays profit and non-profit organisations are focusing on the improvement of services with the customers' demand as the starting point.

The emancipation of the customer within a more individualistic society has resulted in a more critical stance towards the services received. Customers want products and services that better match their specific needs. For example, more customised communication tools integrated into their work environment, flexible lunch hours, more Intranet services so that customers are no longer dependent on the opening hours of the facility services, et cetera.

## ***2.2. Increasing need of coordination and cooperation***

Society is becoming increasingly focused on the individual's needs and demands. Therefore organisations need to organise their services flexibly in order to respond quickly to changes in existing markets and changing markets. New organisation structures are developing to meet these changes and to incorporate the knowledge and expertise of specialised companies. The main principles are:

- Outsourcing of generic services and insourcing of specific services based on the current need;
- Differentiating between generic and specific services. Generic services are easier to supply. Specific services can be purchased;
- Implementing multifunctional workplaces and, when possible, building modulation;
- Centralising services, like one kitchen for different care centres or collective facility service centres.

There is an increasing need for the management of facility processes. Therefore more coordination, cooperation and expertise are required. This will result in a more intelligent use of the facility resources and in turn create the preconditions for improving the primary process and reducing the total costs of the organisation.

## ***2.3. Innovation of technology and services***

Continuing innovation in technology and services is creating more opportunities for organisations and their products. For example, employee cards can be multifunctional and be used as a safety key, pay card, identification card, et cetera. Information systems generate management information faster than before as a result of which the lead-time has decreased and more sophisticated management tools can be utilised (for example capacity planning in the front office based on the statistical analysis of number of phone calls each hour). One of the most recent developments is a (virtual) shared service centre that integrates information technology, human resources, financial and facility services.

#### **2.4. Flexibilisation of labour**

New styles of working such as teleworking, part-time work and job-sharing are determining the character of the workforce more than ever before. The facility department faces the challenge of arranging these possibilities within the organisation. These developments demand forward planning by the facility department together with an integrated knowledge of information technology, workplaces, sociological trends, architecture, the relevant legislation, health and safety regulations, et cetera.

### **3. Demand-Oriented Facility Management**

There is an urgent need to anticipate these developments described in section 2. Many facility managers feel that their organisations are not fully equipped to deal with these changes and in response to this they aim to improve their organisation and make it more professional. As previously stated in the introduction, different perspectives on facility management can be found. Facility management implies a one-sided view, i.e. the supply side of the organisation. However, if an organisation is to be improved both the customers of the facility management and the facility organisation need to be taken into consideration. Demand-oriented facility management is proposed as a suitable solution for this purpose. Demand-oriented facility management can be defined as an approach in which:

- Internal users of facility services are considered customers;
- Customers' wishes and demands are the key determinants;
- Translation of new developments in facility services has to be proactive;
- Delivery of facility services is controlled.

#### **3.1. Internal users of facility services are considered customers**

The users within the organisation acquire facility services. In that sense they are the customers of the facility department. However, the facility department is confronted with different kinds of customers. Three kinds of customers can be identified for analytic purposes:

- Firstly, there is general management. They can adopt different roles depending on the issue in question. As a customer they demand facility services, yet as a principal they also set available budgets and therefore codetermine the quality level of facility services. Consequently they judge the functioning of the facility department as well as the level of service quality;
- Secondly there are employees (within the hierarchical organisation) who have a facility task within their own department, for example, the coordinator responsible for accommodation or the coordinator responsible for purchasing.

They demand services from the facility department in order to serve their own internal customers;

- Finally, there are the users that consume the facility services. They are the general customers of facility services.

### ***3.2. Customers' needs and wishes are the key determinants***

If the facility department is to realise its goal of an optimal fit between supply and demand, the customer must occupy the pivotal position within the facility process. This focus on the customer means that all actions will be directed towards the fulfilment of the customers' needs and wishes. As a result:

- Customers will need to have direct and easy access to facility services (for example a front office);
- Customers will have to be informed;
- Customers will need to feel that they have been adequately served;
- Cooperation within the facility department will have to be directed towards service quality.

The facility department will need to know who its customers are in order to optimise the delivery of the facility services. Therefore continuous improvement can only be achieved by measuring the customer environment and continuously adjusting the facility supply to the facility demand.

### ***3.3. Translation of new developments in facility services has to be proactive***

As described in the previous section, the facility organisation is confronted by new developments in technology and society. The facility organisations must proactively address these developments in order to deal adequately with their consequences.

In a proactive stance, the policy implemented addresses future developments and assesses the consequences for both the organisation and the facility services. With this approach, the facility strategy has to be incorporated into the general strategy of the organisation so that new financial and operational measures can be implemented in good time. Only then can the facility department take a proactive approach and support the primary organisation.

### ***3.4. Delivery of facility services is controlled.***

Another aspect of facility services is that customers fail to recognise good service quality. They complain when shortcomings occur yet rarely state their satisfaction with a good service. Therefore as soon as the facility services do not fit the wishes or needs of customers, the facility department is considered to have failed. When

a shortcoming is discovered, immediate action should be taken in order to minimise its effect on customer satisfaction.

Also the service quality and service supply can only be managed and improved if there is a thorough knowledge of the fit between the supply and demand of facility services, and a thorough understanding of the facility process. A control structure to monitor the service quality in terms of its efficiency and effectiveness generates the necessary information. This information can be used to control, manage, guide and improve the service process.

#### **4. Organisational consequences**

Facility departments will need to implement the concept of demand-oriented facility management if they are to cope with future environmental developments and customer demands. Yet what are the organisational consequences? The answer is:

- Professionalise the facility organisation;
- Find a balance between policy and operations;
- Optimise cost-effectiveness and be result-driven;
- Improve accountability towards each other and towards the customer;
- Develop human resources.

##### ***4.1. Professionalise the facility organisation***

The precise content of the term professionalisation is widely disputed. However, in relation to demand-oriented facility management it means:

Customer-driven supply based on the demand of the organisations and the technological possibilities;

Working in accordance with the preconditions of the relationships between the contracting party and the principal so that a more business-like connection exists between the facility department and the business organisation;

Controlled and planned delivery of facility services, in which there is more control of the service process and management information is generated;

Providing service levels so that it is possible to differentiate service quality.

##### ***4.2. Find a balance between policy and operations***

Facility departments are required to respond to new developments in areas such as workplaces, information technology and so forth in a timely and adequate manner. Therefore facility policy needs to be developed in advance. Accordingly, the facility manager will need to further strengthen the facility process in terms of skills, expertise, capacity and perhaps even expansion. However, most facility departments lack the necessary knowledge and skills to generate policy with

respect to the developments in their environment. Although pressure is frequently placed on the operational needs of the facility services, policy development has also become an important task due to the increasing demand on strategic facility support. Demand-oriented facility management needs to strike a healthy balance between facility policy and facility operations.

#### ***4.3. Optimise cost-effectiveness and be result-driven***

Cost-cutting and the fulfilment of customers' demands are both intercalated in the concept of demand-oriented facility management. Cutting costs on the one hand whilst realising customers' demands on the other, seems to be paradoxical. However, the solution lies in being result-driven (i.e. fulfil customers' wishes) within the borders of the service level agreements. This process is an ongoing effort to improve efficiency, facility service and process.

#### ***4.4. Accountability towards each other and towards the customer***

An environment has to be created in which continuous improvement and responsibility are accepted norms. People are often afraid of providing constructive criticism, as this is all too easily interpreted as being a personal attack. Therefore a culture with open critical communication (that is more lateral than hierarchical in nature) needs to be fostered, in which it is quite natural that employees and customers feel safe to address each other when the service provided has failed to meet the standards of quality required. Opportunities that arise to improve the facility process must be recognised. Facility management therefore needs to ensure an open atmosphere and maintain an environment in which there is mutual accountability in a business-like manner.

#### ***4.5. Develop human resources***

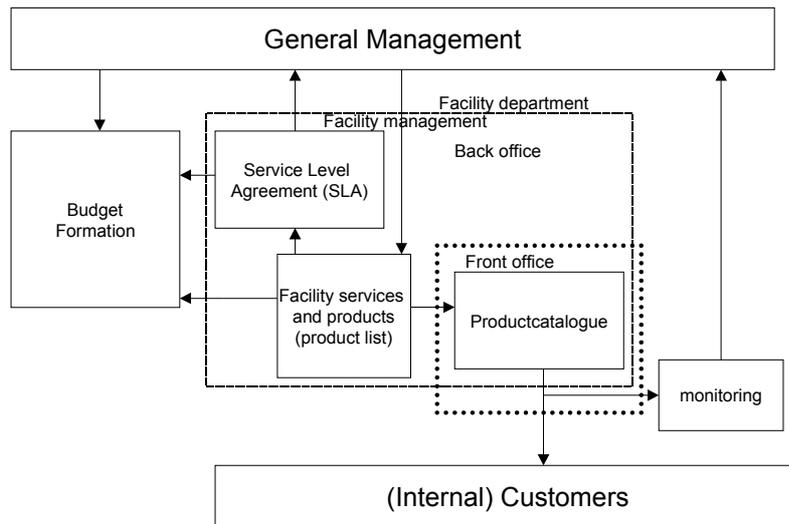
Employees of the facility department differ in their experience, knowledge, education, age, involvement and motivation. The general level of education is often low and the average age often high. However, demand-oriented facility management requires a flexible and well-educated workforce. In particular, facility departments lack the level of information technology skills needed, for example, in specific services such as documentation and the use of management information systems. Therefore courses, training programs and specific seminars aimed at developing work-related skills together with personal coaching are important.

## 5. Implementation of demand-oriented facility management

What steps need to be undertaken to implement demand-orientated facility management?

A system to generate a controlled supply based on the demand of facility services contains six elements. These elements are shown in figure 1.

Figure 1. System of demand and supply of facilities services



The figure shows the relationship between the management of the organisation and the customers of the facility services. The product list is placed in the middle. This list contains all of the facility services including the different quality levels, authorisation and service indicators. A product catalogue is extracted from this product list. The catalogue is like a brochure used to communicate with the customers and can be published on the Intranet or as a brochure. Of course, facility services (in quality service levels) match the budget and so the means are available to actually supply the goods promised. This facility supply can be registered in a service level agreement. The management needs to agree on the facility supply that has been made available. The structure that takes care of the facility service process consists of a front office and a back office. The front office funnels the customer demands and processes these through to the back office. Based on the requirements and structure of the organisation, there are many possible arrangements for defining the relationship between the front and back office. Finally, the service process must be monitored in order to generate management information that leads to decisions concerning the facility supply and budget, aspects of functioning (human resources), et cetera.

In general five phases for implementing the concept of demand-orientated facility management can be identified. These are:

- Mapping the facility services;
- Matching the facility services and the budget;
- Creating the facility structure (organisation and people);
- Completing the facility control cycle by monitoring and management;
- Managing the facility process.

### ***5.1. Mapping the facility services***

In the product list, all of the facility services are inventoried and differentiated into different quality levels. A frequently used approach is the principle of a baseline of services with optional extended quality and services. The services within the baseline are considered to be the minimum standard of services needed to support the primary process. These services are offered as a standard package to all customers free of charge. Subsequently additional service levels can be defined according to individual wishes and authority. These are positioned within the extended quality levels.

### ***5.2. Matching the facility services and the budget***

Facility services have to be in line with the organisational needs and budget. Therefore the services provided must match the budget available. The workload of the different services can be defined on the basis of estimates and historical data, personnel costs and sometimes standards, so that the potential cost per facility product to be identified. Finally, the total service package has to be negotiated with the management, as otherwise one will be continually confronted with the need to cut costs without being able to illustrate the benefits of or decline in the services provided.

### ***5.3. Creating the facility structure (organisation and people)***

The infrastructure needed to develop the facility services must be available. Arrangements to create the required organisational and human resource conditions need to be made. In terms of structure, the organisation must have a front office and a back office in line with the demand-orientation concept. Human resources also need to match the requirements of the demand-oriented facility concept. This might entail educating, coaching and perhaps even relocating employees. Next the service guide and service level agreement have to be generated from the product list and agreed upon. Finally some form of accountability mechanism needs to be put in place, depending on the wishes of the organisation and the type of facility services provided.

#### **5.4. Completing the facility control cycle by monitoring and management**

To gain insights into the quality and demand, management information needs to be collected. Management information creates insights into the quantity and type of a service. It is easier to monitor effectiveness when the right management information is available. Monitoring also provides information about the quantity and types of services requested, development of these, the capacity of personal and the match between supply and demand. On basis of this information, management can focus on quality and efficiency. For example, the management might decide to make changes to the service supply or that additional competence is needed for human resources interventions.

#### **5.5. Managing the facility process**

The delivery of facility services is often a process guided by day-to-day need. Management and employees are jointly responsible for delivering the products and services according to the predetermined rules and guidelines. When there is a lack of competence or the required quality is not realised, both employees and customers need to openly communicate this, and management has to intervene. However, a larger planning horizon is necessary for the delivery of controlled facility services: management information has to be monitored and compared with the goals that have been set and formalised in the service level agreements. In addition to the day-to-day operations, efforts must be made to develop and implement a facility strategy. Therefore, management needs to focus on a longer time period. The concept of demand-oriented facility management will only function properly if this management style is exercised.

### **6. The happy customer**

Will the implementation of the steps listed in section 5, result in a happy customer? Unfortunately the answer is no, as these steps are only the building blocks needed to generate a demand-orientated facility service.

The employees, from management to operator, have to act in accordance with the duties established in the service level agreement. This does not mean abandoning creative solutions, necessary sudden fixes or political influences which sometimes cut across established procedures to satisfy customer demand. The principles described in this paper still allow enough room for novel approaches and solutions.

Well-organised baseline services are a prerequisite for stimulating further development in which a more proactive facility policy is realised. A professional facility department can deliver the services required in an informed and controlled

manner. Only then can the facility department take a proactive stance and respond adequately to changes in the organisation and environment such as new workplaces, new social arrangements, further digitalisation, new laws, et cetera.

This proactive approach is the only way of ensuring that the facility department's responsiveness is enhanced and that the basic demand for facility needs is also met. In such a situation, management will be able to measure whether the budget has been used efficiently and adequately, consumers within the organisation will be aware of the services they can request and employees' job satisfaction will be maximised. As a result of this, the internal customer will be carefree and happy.

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