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Key Words:

Performance management, team effectiveness, operational effectiveness, process improvement, process management

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Performance Matters: How the High Performance Business Unit Leverages Facilities Management Effectiveness

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Received:

Abstract

As a global facilities management consultant with a client base that includes the Middle East, Australasia and Europe - I am fortunate to observe some of the best facilities management practices. Best practice facility management operation's share several common traits, two in particular stand out above the rest; outstanding leadership and clarity of purpose. Achieving the balance between minimum levels of service, and minimum cost requires quality information, great planning and above all - a well led, talented and focused team of motivated facilities managers (specialists and generalists) operating from a clear purpose of intent.

This paper examines the benefits of taking a 'High Performance Business Unit' approach to facility department management using a smarter mixture and application of skill sets and process management that ensures the best value service delivery outcomes are achieved and that clarity of purpose becomes the norm.

INTRODUCTION

Globalisation has forced local businesses to adapt and create global best practice procedures in order to compete in the world marketplace. To create a superior competitive position enlightened senior managers need to forge companies into agile organisations that can respond rapidly with minimal risk. In today's environment complacency can not be tolerated. Not only is it wrong, but complacency has become increasingly dangerous and threatens organisational survival. It is possible (following Tofler and Drucker), to characterise the shift that is taking place in organisational design from *where we are now* to *what do we need to become*. Examples include:

- from departmentally minded to project organised;
- from vertically structured to horizontally networked;
- from authoritarian to collegial;
- from alienated to engaged; and
- from performing simple tasks to solving complex problems.

These shifts represent a quantum leap in business practice. For facilities managers, these shifts have resulted in a greater emphasis on optimised facility utilisation, more efficient long-term planning and more effective capital investment – all aimed at turning the built environment into a productive powerhouse.

Two further skill sets that have become more important recently are procurement/vendor management, and general business management. Procurement and vendor management has evolved in line with the dramatic increase in Facilities Management (FM) outsourcing over the past decade. The ability to evaluate, procure and manage strategic service delivery partners is a strong source of competitive advantage for most organisations. General business management is also a necessary trait for today's FM business. Prudent financial management underpinned by robust business planning is essential for managing any value added FM enterprise. Focused attention to these traits earns the respect necessary to contribute at the senior business level.

Underpinning all of these areas is the fundamental requirement of operational effectiveness. Operational effectiveness can be described as optimised delivery performance through the tuned interaction of activities and processes.

Differences in operational effectiveness among organisations are pervasive. Some organisations are able to get more out of their inputs than others because they eliminate wasted effort, employ more advanced technology, partner with their service providers, motivate employees, or have greater insight into managing particular activities or sets of activities. In the private sector, such differences in operational effectiveness attributes are an important aspect of differences in profitability among competitors because they directly affect cost positions and levels of differentiation⁽¹⁾. For facilities managers, such differences in operational effectiveness attributes translate to faster, more robust value added service delivery to the facility users.

The development of High Performance Business Units (HPBU) as a facilities management departmental service provider model is an essential factor for achieving operational effectiveness as its essence is built upon common commitment focused on collective performance – through the optimised use of people, processes, and technology.

FACILITY MANAGEMENT BUSINESS UNIT FUNCTION

At a base level, facilities management units deliver either in isolation or as an integrated function a mixture of financial, asset and operational management activities, aligned to support or enable the organisations core business. Business units that focus on operational effectiveness invariably increase the quantum of service value delivered. A Facilities Management (FM) HPBU underpinned by operational effectiveness, develops direction, momentum, and commitment by working to shape a meaningful purpose.

Successful FM HPBU shape their purpose in response to the relentless demands from facilities users. Balancing the demands of these users is fraught with difficulty – but subscribing to basic operational effectiveness attributes (as described above), within the framework of related facilities legislation guarantees the delivery of minimum service levels at minimum cost.

FACILITIES MANAGEMENT HIGH PERFORMANCE BUSINESS UNIT DEVELOPMENT

The first step in developing a disciplined approach to FM HPBU management is to think about the unit as discrete elements of performance and not just as positive sets of values.

A HPBU sees performance as its working definition and is underpinned by this. One way of describing a HPBU is as “a number of people with complementary skills who are committed to a common purpose, set of performance goals, and approach for which they hold themselves mutually accountable”. Figure 1 provides a useful guide in determining HPBU characteristics.

Not All Business Units Are High Performance: How to Tell the Difference	
Business Unit	High Performance Business Unit
▪ Strong, clearly focused leader	▪ Shared leadership roles
▪ Individual accountability	▪ Individual and mutual accountability
▪ The group’s purpose is the same as the broader organisational mission	▪ Specific purpose(s) that the unit itself delivers as well as meeting organisational goals
▪ Individual work-products	▪ Collective work-products
▪ Runs efficient meetings	▪ Encourages open-ended discussion and active problem-solving meetings
▪ Measures its effectiveness indirectly by its influence on others (e.g. financial performance of the unit)	▪ Measures performance directly by assessing collective outcomes
▪ Discusses, decides, and delegates	▪ Discusses, decides, and does real work together

Figure 1: The Evolution of High Performance Business Unit’s (Adapted from Garvin).

FM as a business resource

For facilities managers, the common purpose approach starts with the acknowledgement that the essence of the facilities management role is as a *business resource that enables the organisations core business*. This purpose forms the crux of a FM HPBU. By applying operational effectiveness attributes, within a performance framework reinforces service delivery value. FM as a business resource frames the HPBU performance expectation. The FM HPBU manager(s) in-conjunction with the executive management team is responsible for clarifying the charter, rationale and performance challenge for the FM HPBU.

The FM HPBU is an ideal model and key support mechanism that slots neatly into the wider corporate real estate function. Indeed, the FM HPBU assists in binding, supporting and linking the strategic direction, alignment and implementation factors of corporate real estate.

High Performance Organisation Executive management must also leave enough flexibility for the FM HPBU to develop commitment around its own spin on its purpose, set of specific goals, timing, and approach. For example Telecom NZ have effectively developed an overriding 'High Performance Organisation' vision that combines personal values with organisational values. All Telecom NZ business units must align their goals and subsequent processes with the High Performance Organisation.

FM HPBU invest a tremendous amount of time and effort exploring, shaping, and agreeing on a purpose that belongs to them both collectively and individually. This "purposing" activity continues throughout the life of the HPBU. In contrast, and in my experience failed teams / units have rarely developed a common purpose. They do not coalesce around a challenging aspiration for many reasons - an insufficient focus on performance, lack of effort, bad communication, single centric point of focus (i.e., engineering services, only) poor leadership, etc.

Performance Goals The FM HPBU must translate their common purpose into specific performance goals such as achieving expenditure on budget (+/- 5%), getting monthly reports to executive management on time, response times within targets, minimum customer satisfaction levels, etc. When purpose and goals build on one another and are combined with unit commitment and alignment with organisational strategic plans, they become a very powerful engine for performance.

Transforming broad organisational directives into specific and measurable performance goals is the surest first step for a unit trying to shape a purpose meaningful to its members.

There are several reasons for this:

1. Specific FM HPBU performance goals help to define a set of operational effectiveness activities that are different both from an organisational wide vision and from individual job objectives. As a result, such activities require the collective effort of unit members to make something specific happen. This will add real value to results. In contrast, simply gathering from time to time to make decisions will not sustain FM HPBU performance.
2. The specificity of performance objectives facilitates clear communication and constructive conflict within the FM HPBU. For example, when a facilities planning team sets a capital expenditure goal, the clarity of the goal forces the unit to concentrate on seasonalisation impact, criticality and risk (to arrive at a priority of developmental or organisational activity). Service provider availability to service the planning and development needs must also be considered. This focus means the unit must consider what is required to achieve or reconsider the goal.

When goals are clear, discussions can focus on how to pursue them or whether to change them. When goals are ambiguous or non-existent, such discussions are significantly less productive. The goals must also be measurable and monitored frequently to ensure performance calibration and this extends to vendor goals and performance measures as their success or failure will directly impact positively or negatively on the FM HPBU.

3. Specific goals allow a team to achieve small wins as it pursues its broader purpose. These small wins are invaluable to building commitment and over coming the inevitable obstacles that get in the way of a long-term purpose.
4. Performance goals are compelling. They are symbols of accomplishment that motivate and energise. Performance goals challenge the people to commit themselves, as a unit, to make a difference. Drama, urgency, and a healthy fear of failure combine to drive units who have their collective eye on an attainable and challenging goal.

The combination of purpose and specific goals is essential to performance. Each depends on the other to remain relevant and vital. Clear performance goals help a team keep track of its progress and to hold itself accountable. The broader even nobler aspirations in a FM HPBU that the unit constitutes a genuine fulcrum of business leverage provides both meaning and emotional energy to facilities managers.

FM skill sets

FACILITIES MANAGEMENT HIGH PERFORMANCE BUSINESS UNITS – KEY ATTRIBUTES AND IMPLEMENTATION

The FM HPBU needs to develop the right mix of skills to do the units' job. As obvious as this sounds, this is a common failing of potential units⁽²⁾. FM HPBU skill requirements fall into five fairly self-evident categories:

- ***Technical or Functional Expertise.*** The FM function covers a diverse range of 'subject matter experts' such as engineers, planners, lawyers, accountants, procurement specialists and administrators. Combining complementary skill sets to deliver functional outcomes will often produce a superior result rather than leaving one group to produce an outcome in isolation. The preparation of a performance specified maintenance contract is best undertaken by engineers, procurement specialists and lawyers – leaving any of these skills out of the process is detrimental to the end product.
- ***Problem solving and decision making skills.*** Units must be able to identify the problems and opportunities they face, evaluate the options they have for moving forward, and then make necessary trade-offs and decisions about how to proceed.

- ***Interpersonal and Communication skills.*** Common understanding and purpose cannot arise without effective communication and constructive conflict, which in turn depend on interpersonal skills. These include risk taking, helpful criticism, objectivity, active listening (given the benefit of the doubt), and recognising the interests and achievements of others. Achieving influence within the organisation requires a combination of strong communication technique, good presentation skills, an enquiring mind, and ability to understand precisely how FM contributes and adds value to the organisation and when this contribution needs to be made.

- ***Procurement and Vendor Management.*** The use of third party service suppliers is now prevalent. The success from outsourcing operational FM service delivery is in my opinion mixed. FM HPBU's must be cognisant of vendor's requirements and apply a strong collaborative mind set in generating co-dependency. Once both parties are reliant on the other for success – then value gains are more likely to be generated.

- ***General Business.*** General business skills are a prerequisite for any successful business unit, even those units that spend most of their time consumed in operational FM matters. Understanding FM as a business resource inspires confidence in how the unit contributes to the bigger corporate picture. To manage this effectively, the unit must be able to create business plans that identify the units goals and objectives and the linkages and support to the wider corporate picture. Ongoing measurement and calibration to this picture must be rigorous and disciplined. This creates a stronger sense of purpose and value.

Obviously, a unit cannot get started without some minimum complement of skills, especially business, technical and functional skills. If we accept that the aim of most FM HPBU is to focus on enabling and supporting core business activity (and we accept that the organisations strategic plan provides the business direction) then the combination of skills needs to deliver operational effectiveness through the best mix of activities.

To implement these activities the process must be defined. By defining process the FM HPBU can orchestrate activities and events. Others, outside of the FM HPBU can be engaged in tasks so that the optimised desired end points (outcomes) are realised. Action is the key and process is implicitly equated with skilled professional practice.

Process definition

Most organisations (production or service orientated) are composed of diverse groups that often have their own interests and therefore conflict over agendas and resources. FM HPBU managers must therefore align and harmonise competing interest while cultivating commitment and motivation at the same time. FM HPBU spend relatively little time issuing ultimatums or making big decisions. Rather, they engage in an extraordinary number of fragmented activities by tackling pressing issues or small pieces of larger problems. Often this process requires building and

using interpersonal networks as well as “skillful maneuvering” to overcome political obstacles. Calibration between the organisational objectives, the effectiveness and the meaningful purpose of the FM service delivery function is constant and often regularly measured through customer satisfaction.

FM HPBU use a combination of three broad process methodologies⁽³⁾ to achieve operational effectiveness. The three processes have different purposes, activities and critical skills as demonstrated in Figure 2.

	Direction-Setting Processes	Negotiation and Selling Processes	Monitoring and Control Processes
Purpose	<ul style="list-style-type: none"> Establish organisational direction and goals 	<ul style="list-style-type: none"> Obtain needed support and resources 	<ul style="list-style-type: none"> Track ongoing activities and performance
Primary Task	<ul style="list-style-type: none"> Developing an agenda 	<ul style="list-style-type: none"> Building a network 	<ul style="list-style-type: none"> Collecting information
Critical Skills	<ul style="list-style-type: none"> Synthesis, priority setting, communication 	<ul style="list-style-type: none"> Timing and sequencing, framing and presentation 	<ul style="list-style-type: none"> Questioning and listening, interpreting data

Figure 2: A HPBU Process Framework (adapted from Garvin, 1998)

1. **Direction setting processes** – is the most widely recognised managerial activity within an organisation. It involves charting the business units’ functional activities and purpose with respect to the organisational annual and strategic plans.
2. **Negotiating and selling processes** – occurs once the FM HPBU has set the direction, through alignment with the organisations annual or strategic plan, by negotiating and ‘selling’ processes to get the activities completed. This process works in two directions, horizontally and vertically. Horizontal processes link the activities of most units. Unit members rely on individuals outside their work groups for essential services and information.

To gain inter-unit cooperation means building good links and networks across unit boundaries, particularly the Information Technology, Finance and Human Resource units and working with the appropriate individual to negotiate the “terms of trade” for current and future interactions.

Selling is also required in a vertical direction. The FM HPBU must normally convince their superiors of the value of their activities and how they benefit the wider organisation to ensure their proposals are implemented. To do so the FM HPBU must frame their activities or projects to highlight urgency and need, and bundle them in ways that increases the likelihood of acceptance, and assemble coalitions to provide credibility and support.

3. *Monitoring and control processes* – once activities are underway, FM HPBU engage in a third set of processes designed to ensure that their units are performing as planned. Such oversight activities are necessary because organizational environments are dynamic in reaction or anticipation of the market place.

Monitoring and control processes detect perturbations, initiate corrective action, and restore the organisation to its previous equilibrium. FM HPBU managers collect feedback data from their customers, both internal and external, as well as internal and external service providers and recalibrate service delivery in line with the organisations requirements. The FM HPBU uses formalised reporting procedures such as variance reporting and balanced scorecards. The critical process choices include information sources to tap, the data to request, and the amount of time to allow before drawing conclusions and initiating corrective action.

The three processes have different purposes, activities and critical skills (see Figure 2). Although most units treat them as distinct challenges, the FM HPBU integrates them. This is because they all depend on rich communication, mutual respect, partner recognition, sensitivity to relationships and an understanding of the organisations political, social and cultural idiosyncrasies. Perhaps most importantly, all managerial processes involve common choices about how to involve others and then relate to them as the wider organisation moves forward.

By focusing on processes (rather than high level strategy or low-level tasks) the FM HPBU is able to apply and combine activities into cohesive wholes. The processes are also inherently dynamic. Because processes unfold over time, they capture linkages amongst activities – and across other units – which are often lost in static models.

For this reason the above approach is usually helpful in addressing implementation problems. FM HPBU can articulate the required steps in a process, as well as improvements. By contrast, traditional lists of roles and responsibilities leave the associated activities unspecified or undefined.

Figure 3 combines the FM HPBU organisational and managerial processes into a simple, integrating framework. The framework consists of diagnostic questions that allow unit managers to assess the effectiveness of their (and their organisations) approach to action.

		Organisational Processes		
		Work Processes	Behavioral Processes	Change Processes
Managerial Processes	Direction-Setting Processes	<ul style="list-style-type: none"> Are there clear goals for operational and strategic direction? Do we understand and can we translate the alignment between the organisations objectives and our FM levels of service? 	<ul style="list-style-type: none"> Are there well-specified approaches to communication decision making, and learning? 	<ul style="list-style-type: none"> Is there a clear rationale, direction, and path of change?
	Negotiation and Selling Processes	<ul style="list-style-type: none"> Have we obtained the necessary agreements and resources from upstream and downstream departments? 	<ul style="list-style-type: none"> Is there widespread acceptance of the desired approaches to communication, decision-making, and learning? 	<ul style="list-style-type: none"> Are others in the organisation convinced that change is needed and that the proposed changes are the right ones?
	Monitoring and Control Processes	<ul style="list-style-type: none"> Do we know how well our performance matches plans? Do we accurately measure and frequently report our performance? 	<ul style="list-style-type: none"> Do we know how well our current behaviors match the desired approaches to communication decision making, and learning? 	<ul style="list-style-type: none"> Do we know whether critical milestones have been reached and planned changes have been implemented?

Figure 3: HPBU Framework for Action (Adapted from Garvin, 1998)

No one would dispute the importance of making business units work more effectively. Although this paper has focused largely on mixing skill sets and smart processes a further key to FM HPBU success is the ability of the unit to create emotionally intelligent norms.

FM unit efficacy This paper has talked about specifying the need for cooperation, participation and commitment to goals, and so forth. These traits are not enough to reach HPBU status alone – three further conditions are essential to a unit’s effectiveness: trust amongst unit members, a sense of unit identity, and a sense of unit efficacy. When these conditions are absent, going through the motions of co-operating and participating is still possible. The unit will not, however be as effective as it could be because unit members will choose to hold back rather than fully engage.

Emotional intellect For the FM HPBU to be most effective – the unit needs to create emotionally intelligent norms – the attitudes and behaviors that eventually become habits that support behaviors for building trust, unit identity, and unit efficacy. The outcome is complete engagement in processes and activities.

The FM HPBU contains a wide range of specialists and generalists from varied business and technical backgrounds. Understanding and tuning this complex mixture of resource to deliver superior business outcomes in support of the organisation is almost impossible unless strong leadership, trust and clarity of purpose are prevalent. Unit emotional intelligence is more complicated than individual emotional intelligence because units interact at more levels. The FM HPBU must be mindful of the emotions of its members, its own unit emotions or moods, and the emotions of other units and individuals outside of the HPBU. This requires a unit atmosphere in which the norms build emotional capacity (the ability to respond constructively in emotionally uncomfortable situations) and influence emotions in constructive ways.

CONCLUSION

Most organisations advocate a more commercial, performance-focused approach to facilities and resource management; and they should. Whether you are starting from scratch or transforming an existing FM business unit into a FM HPBU, the end result or future state is dependent upon people processes, and technology. In-conjunction with strong visionary leadership, a complementary mix of business, technical, functional, problem solving and decision making as well as interpersonal skills is essential in achieving common commitment, collective performance and above all – **clarity of purpose**.

Processes, in the broadest sense can be defined as collections of tasks and activities that together, and only together, transform inputs into outputs. Smart process application binds the FM HPBU together facilitating operational effectiveness and ensuring facilities management service delivery enables the organisational core business activities. The fostering of FM HPBU represents a set of values that encourages listening and responding constructively to views expressed by others, giving others the benefit of the doubt, providing support, and recognising the interest and achievements of others. Such values help FM HPBU perform, and they also promote individual performance as well as the performance of the entire organisation.

FM leadership has never been so important. FM units must create and deliver, with the help of their vendors real demonstrated value. FM leaders who combine their people (and their skills), processes and technology in a HPBU framework are ideally positioned to generate the necessary value through business resources for sustainable organisational leverage. They also position themselves as corporate leaders earning the respect and ability to influence board room decisions.

At a time when organisations and shareholders are asking more from their employees, the productivity of assets and greater returns on capital invested – the development of FM HPBU, and the value potential creates a sustainable, tangible and exciting contribution to any organisation. As a profession, FM must focus on their commercial effectiveness. This effectiveness is likely to be realised through HPBU models.

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³ For a useful overview on organisational management, see D. Garvin, "The Process of Organisation and Management", *Sloan Management Review*, Summer 1998, Pages 33-50.